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### Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia

#### PROJECT MANAGEMENT AS A FACTOR OF EFFECTIVENESS IMPROVING OF REGULATORY IMPACT ASSESSMENT

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#### *Abstract*

This article explores the opportunities of implementing a project approach in order to improve the performance of public administrations aimed at improving the effectiveness of the regulatory impact assessment of procedure regulations.

The authors of this paper propose to use the project approach as the best tool to improve the procedure for assessing the regulatory impact on projects of regional acts of Novgorod region, introducing additional restrictions and prohibitions in business.

The article outlines the results of the implementation of the project, which is innovative for the region in terms of implementing the methodology for forming a rating of the quality of the regulatory impact assessment. The authors are characterizing the qualitative changes in the procedure for assessing the regulatory impact of regulations in the field of small and medium-sized enterprises in the Novgorod region based on the system of indicators of the mechanism for conducting the regulatory impact assessment.

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**Keywords:** Effectiveness, municipality rating, project management, regulatory impact assessment, small and medium-sized entrepreneurship.



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## 1. Introduction

Regulatory impact assessment (further – RIA) of regulations by state and municipal governments for business entities in the first place, involves receiving feedback. RIA allows us to create a productive dialogue between the “Power-Business Experts” (Davydova & Pritula, 2017; Radaelli & de Fabrizio, 2010). This is especially necessary in the early stages of regulatory legal act development to determine the possible risks and negative effects of their implementation.

During the period from April 2013 to 2018, the regulatory impact assessment was carried out in relation to more than 275 projects of normative legal acts of the region. The evaluation found that more than 50 had been identified with rules imposing additional restrictions or prohibitions on business activities.

In 2016, the Council on RIA under the Government of Novgorod Region was established. The Council on RIA under the Government of the Novgorod Region (Decree of the Government of the Novgorod Region, 2016) is a permanent advisory body under the Government of Novgorod Region.

The Council helps to establish a direct dialogue between entrepreneurs and the authorities and to make the procedure of RIA more qualitative. The Council has an important power to act as a conciliation commission in the event that there is no consensus between the regulators and the business community in the region on the project under discussion.

During the period from April 2013 to 2018, the RIA procedure was carried out in respect of more than 275 projects of regulatory legal acts of the region. The evaluation revealed that more than fifty additional restrictions or prohibitions on business and investment activities were imposed.

In order to improve the quality of the RIA procedure of the drafts of the municipal regulations and the examination of existing municipal regulations by the local governments of municipal districts and the city district in the region by the Order of Ministry of public administration No. 45 of January 23, 2018 the method of forming a rating of the quality of the implementation of the RIA was approved. The need to adopt this legal act is due to the fact that the effectiveness of the RIA and examination depends on the interest of local governments in improving the conditions of business and investment activities in a particular municipal education.

It is possible to improve the effectiveness of the regulatory impact assessment procedure through the practical use of the project management approaches (Knysh & Verlup, 2016; Pritula, Ratkovskaya, & Streis, 2017). This direction of improvement is expressed in the implementation of the innovative project for the region “Introduction of the methodology for forming a rating of the quality of the implementation of RIA in the Novgorod region”.

## 2. Problem Statement

Small and medium-sized businesses play an important role in the development of the region municipalities, many of which lack large production facilities. The sector of small and medium-sized enterprises (SMEs) will be able to fulfill its socio-economic and political role only in the presence of favorable conditions for its activities, which ultimately determines the goals and objectives of public authorities and management in relation to it (Barinova, Zemtsov, & Tsareva, 2018).

At present, cooperation between all participants in the SME development process is mainly carried out at the federal and regional level. However, the peculiarities of functioning, binding to a specific

territory requires the resolution of many issues at the municipal level (Podshivalova, 2014). The use of project management approaches in the practice of RIA at the regional level will solve a number of problematic issues in the current environment.

The main problems of entrepreneurs are related to the lack of effective communication and understanding with local governments (Zvereva, 2017). To solve this problem, it is important to involve in the dialogue public organizations of entrepreneurs, which in accordance with the project management are stakeholders. Thus, the active participation of all interested participants in the development of small and medium-sized businesses will affect the successful development of municipalities and the region as a whole (Zali, Faghih, Ghotbi, & Rajaie, 2013).

The next problem is that although a significant number of normative legal acts for 2014-2018 have undergone a regulatory impact assessment procedure, there are existing normative legal acts that have not undergone the procedure but affected the interests of SMEs.

Disagreements arising from the regulatory impact of normative legal acts projects in various municipalities in the region can also be identified as a problem.

Thereby, the procedure of RIA of normative legal acts can be one of the options for effective interaction that is carried out in municipalities when making management decisions.

### **3. Research Questions**

- 3.1. What is the mechanism for assessing the regulatory impact of the regulations of the municipalities in the Novgorod region?
- 3.2. What is the system of rating indicators of municipal entities in the Novgorod region, the peculiarities of the points application?
- 3.3. What are the results of the project realization at the regional level in terms of implementing a methodology for forming a quality rating for the assessment of regulatory impact?

### **4. Purpose of the Study**

To characterize the mechanism for assessing the regulatory impact of the regulations of the municipalities of Novgorod region, to present the results of the project at the regional level in the aspect of the implementation of the methodology forming a quality rating for the impact assessment.

### **5. Research Methods**

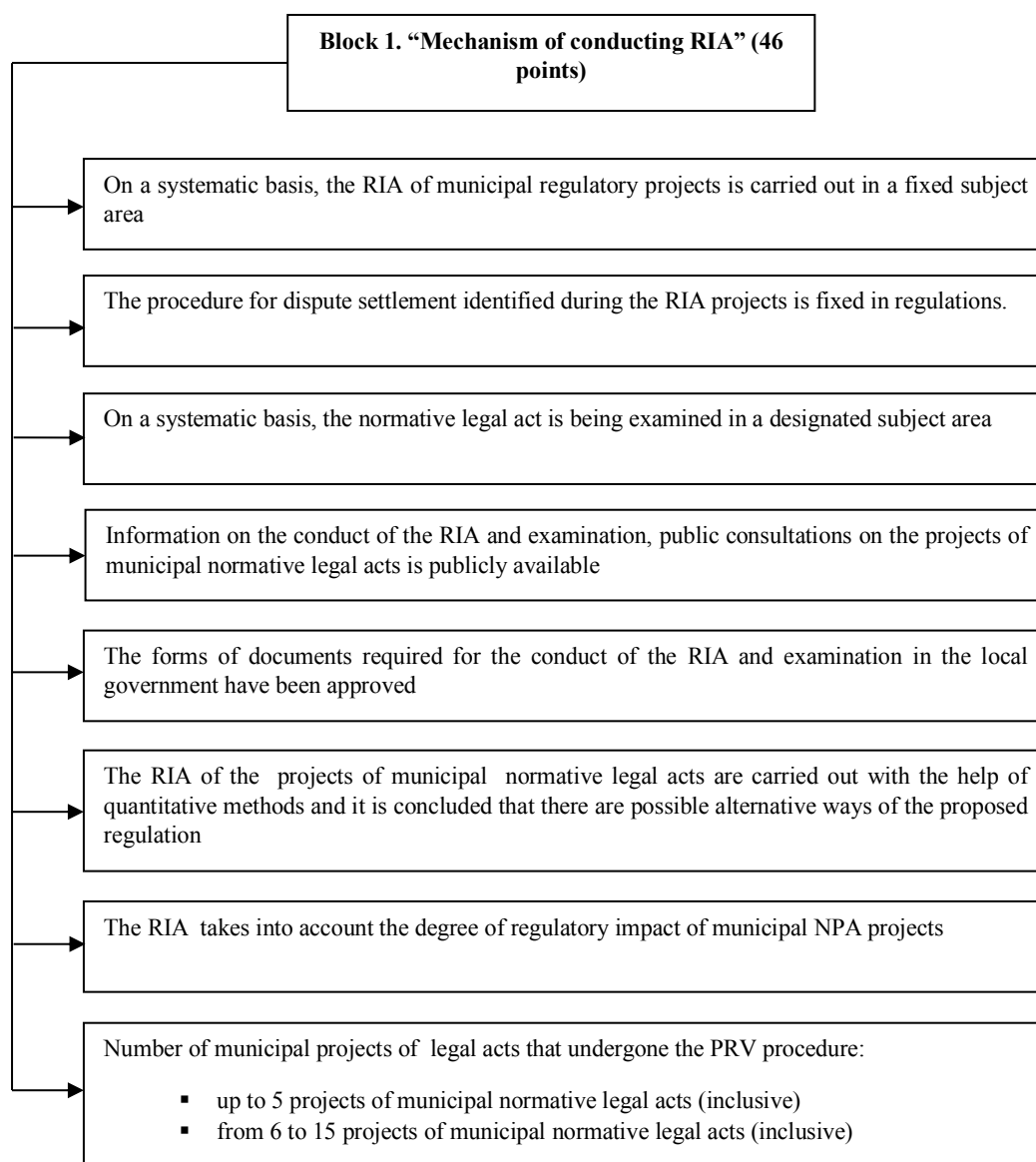
- 5.1. Comparative analysis, which made it possible to compare the state of one object with another, reveal their advantages and shortcomings.
- 5.2. Calculating the dynamics - allowed to compare the values of indicators and get a characteristic of changes in the values of phenomena over time.
- 5.3. The calculation of relative and average indicators - contributed to the receipt of an objective assessment of the current processes (relative indicators) and the average characteristics of a number of socio-economic indicators.

5.4. The method of rating formation made it possible to determine the position of one subject relative to the other, that is to rank similar categories on the fixed system of indicators in dynamics and static

## 6. Findings

The Ministry of Public Administration is dealing with the issues of SME regulations in the Novgorod region, which is responsible for improving the quality of the RIA procedure at the municipal level, as well as the formation of a rating since 2016, it has been requesting information from municipal and city district administrations every year since 2016.

A two-block system is used to characterize the subjects and rank municipal entities. The first defines the “Mechanism for the conduct of the RIA” and consists of a number of stages, the sequence and content of which are presented in Figure 01.



**Figure 01.** The system of indicators of the mechanism for conducting the RIA

The second block of indicators, which are based on the rating of municipalities, defines the characteristics of methodological and organizational support, the characteristics of which are presented in Table 01. In her work Verkhovskaya and Alexandrova (2018) give a significant role to this group of indicators and this group accounts for the largest share of the score.

**Table 01.** Methodological and organizational support of the RIA

<b>№</b>	<b>Indicator</b>	<b>Points</b>
1	At least 1 best practices of RIA are presented in the Ministry of Public Administration of Novgorod Region which provide practical examples of the conduct of RIA and examination of existing normative legal acts, for placement in the “Best Practices of PRV” section	6
2	The municipal education held meetings of the collegiate body of the Municipal District Administration (Urban District), which examines the projects of municipal normative legal acts, which deal with the implementation of investment and business activities, during the conduct of the RIA and the examination of the existing municipal normative legal acts	6
3	Information on public consultations on the projects of municipal normative legal acts within the framework of the RIA and municipal normative legal acts as a part of the examination as well as the opinion on the RIA projects of municipal normative legal acts are posted on the official website of the municipal Administration (urban district) in the information and telecommunications network “Internet”	3
4	The regulation on the authorized structural unit of the municipal areas Administration (urban district) in the area of the RIA projects of municipal normative legal acts and the examination of existing municipal normative legal acts codifies the authority in the area of the RIA conduct and expertise of the existing municipal normative legal acts	4
5	The job descriptions of the responsible specialists codifies the authority in the area of the implementation of the RIA projects of municipal normative legal acts and the examination of existing municipal normative legal acts as well as indicators of their effectiveness	4
6	The registry of municipal normative legal acts has been developed and approved	5
7	The decision of the Duma of the municipal district (city authority) has been adopted, establishing that the authorized body in relation to the conduct of the RIA projects of the municipal NPA and the examination of the existing normative legal acts made by Duma of the municipal district (urban district) is the Administration of municipal district (urban district)	4
8	The RIA of projects of municipal normative legal acts of the Duma of the municipal district (urban district) is being carried out	2
9	An examination of the existing municipal normative legal act of the Duma of the municipal district (urban district) is being carried out	2

It should be noted that each indicator, which is included in the listed blocks, is evaluated by points, thus getting a rating of territories where the maximum amount of points is 82. Depending on the amount of the gained points, the municipalities of the region are divided into conditional groups, where they are assigned an appropriate level of quality of the RIA procedure:

- 62 to 82 points - the highest level;
- 42 to 61 points - a good level;
- 22 to 41 points - satisfactory level;
- 0 to 21 points is an unsatisfactory level.

Thus, in 2016, the implementation of an innovative project on “Introducing the methodology for the formation of the quality of implementation of the normative legal acts in the Novgorod region” was implemented by the Ministry of State Administration of the Novgorod region.

Based on the practical implementation of the project in 2016 and 2017 and taking into account the methodology described above, a quality rating of implementation of the RIA of the legal normal acts at the municipal level was made the results of which are presented in Table 02.

**Table 02.** Rating of municipalities in the Novgorod region on the quality of the RIA realization in 2016-2017

2016	Points	Municipal district, city district	2017	Points	Municipal district, city district
Highest level	73	Okulovsky	Highest level	73	Novgorod
	66	Novgorod		72	Okulovsky
Good level	65	Batetsky	Good level	70	Chudovsky
	65	Chudovsky		69	Malovishersky
	63	Malovishersky		64	Marevsky
	63	Moshenskoy		64	Borovichsky
	63	Parfino		63	Parfino
	62	Marevsky		63	Batetsky
	59	Volotovskoy		62	Veliky Novgorod
	55	Veliky Novgorod		60	Valdai
	52	Pestovskoy		59	Volotovskoy
	51	Krestetskoy		58	Demyanskoy
Satisfactory level	49	Soletskoy	Good level	57	Krestetskoy
	47	Demyanskoy		57	Lubytinskoy
	47	Lubytinskoy		57	Moshenskoy
	43	Staroryssky		55	Pestovskoy
	39	Borovichsky		55	Poddorskoy
	38	Valday		54	Soletskoy
	38	Shimskoy		48	Staroryssky
	34	Holmsky		48	Hvoininskoy
Unsatisfactory level	32	Poddorskoy	Satisfactory level	44	Holmsky
	26	Hvoininskoy		38	Shimskoy

According to the table, the quality of the RIA procedure in the region has changed during the analyzed period, and the number of municipalities included in the group with the highest level has increased from two to nine. Municipal entities of Novgorod region with poor quality are not represented in 2017, satisfactory level is just in one district, while in 2016 there were eight districts, in all other quality, with the help of point approach, was rated as “good”.

It should be noted that the number of normative legal acts for which the RIA procedure was carried out varies in the municipal entities of the Novgorod region. Two hundred of normative legal acts were analyzed - fifty from each group: regional laws, decrees of the governor, government decrees and departmental normative legal acts. Out of two hundred analyzed and selected normative legal acts, the part does not fall under the procedure of RIA, as it determines the procedure of changing regional taxes,

changes in regulations, touches on issues related to the state and municipal service, etc., some has already undergone the RIA procedure. The remain part was subject to the RIA procedure. The quality of both the projects of legal acts and the conclusion of RIA determines the effectiveness of the normative legal regulation of the research area.

The results of the analysis of the sites of the municipalities of Novgorod region showed that on the official websites of some of them the information is presented quickly and fully in accordance with the above-described blocks of indicators (the city district of Veliky Novgorod, Borovichi district, etc.). On the sites of other municipal districts, it is necessary to follow the link, which is difficult to find (Chudovo district, Soletsky district, etc.), therefore, it is necessary to streamline this approach, as it will contribute to the most complete involvement of experts and quality of the RIA procedure.

## **7. Conclusion**

In conclusion, we can state that the practical implementation of the innovative project for the Novgorod region “Introducing the methodology of forming a rating of the quality of the implementation of the assessment of the regulatory impact of normative legal acts in Novgorod” as well as the measures that have already been taken by the Department of Public Administration (now the Ministry of public administration) since 2016, namely:

1) an online portal [regulation.novreg.ru](http://regulation.novreg.ru) has been created, there all the information about the RIA procedure is publicly available, there you can look through the results, see the responses of the participants in the RIA procedure and leave comments;

2) active interaction with the mass media is carried out by posting information about the RIA procedure on the information portal on the RIA <http://orv.gov.ru>, the portal of the Government of Novgorod region <http://www.novreg.ru>, the website of the department of <http://dgu.novreg.ru>, the newspaper Novgorodskie Vedomosti, as well as other information sources of Novgorod region and the mass media;

3) a questionnaire has been developed, allowing to identify problematic issues in the field of RIA with the help of a survey of entrepreneurs and representatives of business communities in the Novgorod region. The questionnaire is publicly available on the official website of the Ministry of state administration of Novgorod Region;

4) a booklet has been developed that reveals information about the conduct of the RIA procedure in the Novgorod region and the order of interaction between the Ministry of state administration and business representatives in the field of RIA. The booklet is distributed through the multifunctional center and at events held by the Ministry;

5) Roundtables are held with business representatives to inform about the RIA procedure and public discussions of draft acts.

6) a public council has been set up under the Ministry of public administration and the Commissioner for the Protection of Entrepreneurs Rights, with the aim of working with the government and business in relation to the normative legal acts.

The activities were necessary and timely and allowed the Novgorod region to climb from the 79th place in the rating for the RIA procedure.

The project experience discussed in this article confirms the importance and optimal use of the project approach in improving the performance of public authorities in the context of improving the quality and effectiveness of the RIA procedure.

In this way, project management provides a justification for the possibilities of implementing the RIA processes that impose additional restrictions and prohibitions on the implementation of business and other activities, taking into account the achievement of the quality result.

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